THE FEDERAL BUREAU OF PRISONS'
CONTROL OVER WEAPONS AND LAPTOP COMPUTERS

EXECUTIVE SUMMARY

Department of Justice (Department) components maintain a large inventory of property, such as weapons and laptop computers, that could result in danger to the public or compromise national security or law enforcement investigations if not properly controlled. In March 2001, the Office of the Inspector General (OIG) audited the Immigration and Naturalization Service's (INS) management of its property and found, among other things, that the INS did not have adequate controls over weapons and computers. In particular, the audit noted that INS had categorized more than 500 weapons as lost, missing, or stolen. After that audit, the Federal Bureau of Investigation (FBI) disclosed that many weapons and laptops were missing from its inventory.

In response to concerns about the Department's accountability for its weapons and laptops, the Attorney General asked the OIG to conduct audits of the controls over the inventory of such property throughout the Department. The OIG therefore conducted separate audits of the controls over weapons and laptop computers at the FBI, the Drug Enforcement Administration, the United States Marshals Service, and the Federal Bureau of Prisons (BOP).[1] The OIG will issue separate reports on the audits of each of these components, and a capping report describing the results from all of the audits. This report covers the audit in the BOP.

At the end of Fiscal Year (FY) 2001, the BOP had approximately 33,400 personnel assigned to about 135 offices and institutions throughout the country. As of August 27, 2001, the BOP identified an inventory of approximately 20,600 weapons and 2,700 laptop computers that assist it in performing its mission. Our audit objectives were to determine the adequacy of: (1) management controls over these types of equipment, and (2) actions taken in response to the identification of lost and stolen weapons and laptop computers.

The BOP's automated property management system could not identify the number of weapons and laptop computers that had been lost or stolen in

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[1] Since we completed an audit of the INS's management of its property in March 2001, we did not include the INS in this review of weapons and laptop computers. We will, however, incorporate the results of the March 2001 audit in the capstone report. We did not audit the Department's litigating components because they had very few weapons, and we found that additional audit work was not warranted.

FY 2000 and FY 2001 because the system did not distinguish these items from property disposed of by donation, destruction, or other means until sometime during FY 2001. The BOP database reported a total of 705 weapons and laptop computers that were disposed of during FY 2000 and FY 2001. We obtained documentation from BOP facilities to identify the method of disposal for each of the 705 disposals and found that 27 laptop computers and 2 weapons had been lost or stolen from the BOP during the two-year period under review. In our judgment, the small number of missing weapons can be attributed to the fact that the majority of BOP weapons are in controlled weapons armories and are not assigned to individuals.

Although the number of missing and stolen items was small in relationship to the total universe of weapons and laptop computers in the BOP, our audit evidence suggests that controls over weapons and laptop computers could be improved. Our audit revealed deficiencies in policies and practices related to lost and stolen equipment, and property management procedures related to the automated property management system, purchases, receipt and assignment, and disposals as described below.

Weapons Specific

- The BOP did not have a policy that defined how lost or stolen weapons should be reported through the chain-of-command, or a procedure to ensure that stolen weapons are reported in the National Crime Information System (NCIC).[2]

- The BOP acquisition policy did not prohibit the use of a government credit card to purchase weapons. The government credit card could be used to purchase and take delivery of weapons outside of BOP facilities, thereby creating an unacceptable risk to the public.

- The BOP firearms training center at the Federal Law Enforcement Training Center in Glynco, GA did not have a management system that tracks the specific location of weapons in the armory or warehouse and therefore cannot efficiently maintain control over these weapons.

- The BOP is maintaining at least 578 weapons that are no longer authorized for use. BOP regulations state that excess property should

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[2]   NCIC is a nationwide criminal justice information system maintained by the FBI that provides the criminal justice community with immediate access to information on weapons, missing persons, vehicles, license plates, and criminal history records.

be destroyed or donated depending on the worth of the property and the need for that property by other government agencies.

Laptop Computers Specific

- The BOP did not require that property custodians maintain a record of laptop computers that have been loaned or assigned to individuals. As a result, there is a lack of accountability for these items.

- Checklists used during BOP employee separation processing did not include a requirement to return all accountable property. As a result, laptop computers may not be returned or may not be identified as missing until the annual inventory.

- In general, the facilities did not consistently document that sensitive information was removed from laptop computer hard drives prior to their disposal. Documentation of this step was not evident for 8 of 18 laptop computer disposals we examined.

Weapons and Laptop Computers General

- The semiannual reports to the Department that identify thefts and losses at the BOP were not accurate because they did not list either of the lost weapons or 24 of the 27 missing or stolen laptop computers.

- The BOP did not have a reporting requirement that instructs employees how or when to report the loss or theft of property that is discovered at any time other than during the annual inventory.

- Reports of Survey often omitted relevant dates and did not document the actions taken by the Board of Survey to investigate losses or the decision process to assess liability for those losses. The BOP did not take disciplinary action in any of the 29 cases of missing weapons and laptop computers.

- The BOP did not ensure that all purchased weapons and laptop computers were being adequately monitored because the property management system was not reconciled to the financial management system. In addition, purchases were not always classified correctly in the financial management system, and the level of classification was not adequate to distinguish weapons and laptop computers from other items.

- Transfers of laptop computers within BOP facilities may not be recorded until the annual inventory, and transfers of weapons and laptop computers out of facilities may not be recorded until after the property is received by the new facility. As a result, there is a lack of accountability for these items.

- Delivery procedures at the Federal Correctional Institution at Texarkana, TX did not provide assurance that weapons would be delivered directly to the armory and that laptop computers would be delivered directly to the warehouse as required by BOP policy.

- Delivery procedures at the Northeast Regional Office did not provide assurance that weapons and laptop computers would be delivered directly to the Property Officer in order to ensure prompt recording of these items in the automated property management system.

As a result of these issues, we made 17 specific recommendations that address the reported matters. Generally, they include developing and implementing policies, procedures, and regulations to increase the accountability for weapons and laptop computers; issuing advisories to responsible officials and employees; enhancing the property database structure; improving receiving operations; and addressing certain needs specific to the sites we reviewed. The details of our findings are contained in the Findings and Recommendations section of the report. Additional information about our audit objectives, scope, and methodology is contained in Appendix I.

THE FEDERAL BUREAU OF PRISONS' CONTROL OVER WEAPONS AND LAPTOP COMPUTERS

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INTRODUCTION

Background

The Federal Bureau of Prisons (BOP) is responsible for protecting the public's safety by ensuring that federal offenders serve their sentences of imprisonment in institutions that are safe, humane, cost-efficient, and appropriately secure, and for reducing future criminal activity by encouraging inmates to participate in a range of programs that are designed to help them adopt a crime-free lifestyle upon their return to the community. At the end of FY 2001, the BOP employed approximately 33,400 personnel assigned to the Central Office in Washington, D.C., 98 institutions, 6 regional offices, 3 staff training centers, and 28 community corrections offices[3] across the United States.

BOP weapons at correctional facilities are pooled in an armory or are located in controlled areas such as towers and perimeter patrol vehicles. Pooled weapons are made available in an emergency situation or are issued for a specific assignment such as escorting a prisoner outside the facility to a local hospital. BOP staff do not carry weapons inside a correctional facility unless authorized by the Warden, and the use of personal weapons is strictly forbidden at all facilities. Virtually all BOP employees are trained and certified annually in the use of weapons in a correctional setting. Laptop computers are generally pooled as well although personnel can be assigned a laptop computer for an extended period of time.

As of August 27, 2001, the BOP reported an inventory of approximately 20,600 weapons and 2,700 laptop computers. Weapons used by the BOP include handguns, shotguns, rifles, gas guns, stun guns, chemical foggers, and submachine guns.

The Department of Justice (Department) Security and Emergency Planning Staff (SEPS), a component of the Justice Management Division, maintains records of the number of laptop computers each Department component has authorized for processing classified information. According to SEPS, the BOP has one laptop computer that is authorized to process

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[3]   Community corrections offices oversee community corrections centers and home confinement programs.

classified information. Officials of the BOP stated that classified information is not processed on other laptop computers, and that data stored on these other computers ranges from sensitive to non-sensitive unclassified information.

BOP Property Management System

Office of Management and Budget Circular A-123[4] requires federal agencies to: (1) establish a management control system that provides reasonable assurance that assets are safeguarded against waste, loss, unauthorized use, and misappropriation; and (2) ensure that transactions are promptly recorded, properly classified, and accounted for in order to prepare timely accounts and reliable financial and other reports. The Justice Property Management Regulations (JPMR)[5] require Department components to issue detailed operating procedures to protect federal property against fraud, waste, and abuse.

The BOP guidelines for the management of controlled personal property include Program Statement (PS) 4400.04, Property Management Manual (August 13, 2001); Technical (T) 4401.03, Property Management Technical Reference Manual (August 13, 2001); and T4400.01, SENTRY Property Management Technical Reference Manual (March 15, 2001). Additional guidelines regarding the management of weapons and laptops are contained in PS 1237.11, Information Security Programs (October 24, 1997); and PS 5500.09, Correctional Services Manual (October 9, 1998). According to these guidelines, the BOP employees are responsible for the proper and reasonable care and safeguarding of property assigned to them or located in their work area. An employee whose negligence causes the loss of BOP property may be subject to disciplinary action.

Property Definitions – The BOP has several classifications of personal (non-real estate) property:

- Capitalized Personal Property – an item with an acquisition cost of $5,000 or more, excluding real [estate] property, that does not lose its identity by being incorporated into another item of personal property, and has a minimum useful life of more than one year;

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[4]   Management Accountability and Control (June 21, 1995).

[5]   Department of Justice Order (DOJ Order) 2400.3 (August 6, 1998).

- Non-capitalized Personal Property – a single item of nonexpendable property with an acquisition cost of less than $5,000; and

- Controlled Personal Property – all capitalized and non-capitalized personal property that good management practice dictates would be in the best interest of the government to assign and record accountability to assure the proper use, maintenance, protection, and disposal. Firearms and personal computers are specifically classified by the BOP as controlled personal property. In addition, the BOP also classifies equipment such as pepper fog generators, stun guns, and rifle scopes as controlled personal property.

Property Management Personnel – The BOP Director has overall responsibility for property management and accountability of all property within the BOP. The Property Management Officer (PMO) who heads the Property Management Section at the Central Office, is responsible for supervising the operation and maintenance of the SENTRY Property Management System (SPMS), maintaining a training program for the Property Officers, acting as a liaison with the General Services Administration (GSA), updating and maintaining property management manuals, and assisting the facility Property Officers in the property management process.

A Property Officer is designated for each BOP facility and is responsible for managing all personal property within the institution (Central Office, regional office, correctional facility, or training center). Property Officers are usually Inventory Management Specialists who have successfully completed a course in property management at the BOP's Management Specialty Training Center. Accountable Property Officers (APO) report to the Property Officer, and are appointed as custodians of property residing in their specific locations within the facility. Training is not mandatory to become an APO, but in general the Property Officer provides instructions and guidance when needed. Each facility has a Board of Survey – a committee that investigates the circumstances surrounding unrecorded acquisitions or the loss, damage, or destruction of personal property to assess liability when warranted.

Automated System - The SPMS is the BOP's official automated system designed to record all controlled personal property transactions, maintain property locations, and provide various property management reports. The SPMS is a mainframe database developed and maintained by the BOP. Access to the system is password protected, and read-only access is available to all BOP employees. Property Officers and select persons in

the Property Management Section have expanded access to the SPMS including the ability to input new property records, change or add data to existing records, or run automated reports. These actions are limited to specific computer workstations as an additional security measure.

The BOP uses an automated management system known as the Armory Inventory Tracking System (AITS) at correctional facilities to record specific information about each weapon housed in the facility. The AITS is a stand-alone system that is not associated with the SPMS. This system is capable of providing more detail than the SPMS as to the exact location of each weapon. For example, the AITS identifies weapons that are currently in patrol vehicles, in towers, or in prepared escort kits, while the SPMS lists all weapons as being located in that facility's armory. The SPMS does not need to provide this level of detail for any other property items, and therefore the AITS fulfills a need for expanded oversight of weapons.

Prior Reviews

We did not identify any previously issued external audits or reviews of the BOP's management of property. Financial statement audits of Department components are conducted annually by independent auditors overseen by the OIG, and express an opinion on whether the statements fairly represent the financial position of each component. In doing so, the independent auditors examine internal controls over financial reporting and test compliance with certain laws and regulations. As such, the auditors examine the property cycle. The BOP's FY 2001 Financial Statement Audit did not note any exceptions dealing with property management.

The BOP's Program Review Division conducts periodic reviews of procurement and property at all BOP facilities. During these reviews, it examines a sample of purchase orders and credit card purchases, reviews warehouse operations, tests inventory items against the SPMS, and verifies documentation of the annual inventory and disposals and transfers of property. The BOP provided information on deficiencies in property management identified during reviews conducted in FYs 1999, 2000, and 2001. In our judgment, none of the identified deficiencies were significant to the BOP's accountability and control of weapons and laptop computers.

Audit Approach

In response to our request BOP provided us with a database derived from the SPMS that identified all laptop computers and weapons that had

been "disposed of"[6] by the BOP since FY 1992 up to August 27, 2001. However, prior to FY 2001, the SPMS did not have the capability to distinguish the method of disposal of equipment, such as loss or theft versus donation or destruction. The BOP provided us with documentation of all disposals of weapons and laptop computers that could have been lost or stolen over the period under review. We used this documentation to determine the actual number of items that were lost or stolen from the BOP during that time and the circumstances surrounding each loss.

The BOP also provided us with copies of their semiannual submission to the Department Security Officer that should detail thefts of all property that occurred within the BOP. In addition, a representative of the BOP Office of Internal Affairs (OIA) told us that they were aware of two weapons that had been lost during the audit period. We assessed the BOP's actions to report and investigate the lost and stolen items. Further, we looked for indications that the lost property resulted in physical harm to the public, or compromised national security or investigative information. Our conclusions from the above analyses are presented in Finding I, and Appendices II and III contain a summary of our results.

We also reviewed the BOP's management controls by obtaining an understanding of the SPMS, and of controls over the purchase, receipt and assignment, inventory, and disposal of laptop computers and weapons. We then assessed these controls by reviewing property management activities at the Central Office and selected field locations. (See Appendix I for a list of locations visited.) At each location, we (1) evaluated general property management controls, (2) reviewed documentation practices, and (3) physically inspected property. We also tested, on a sample basis, the accuracy and completeness of the property records. Finding II includes the results of our analyses, and Appendix IV, Tables 1 through 4 show the geographic distribution of the sampled property.

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[6]   The BOP refers to property that is lost, stolen, donated, returned, destroyed, or otherwise leaves the control of the component as "disposed of."

FINDINGS AND RECOMMENDATIONS

I. ACTIONS TAKEN ON LOST AND STOLEN ITEMS

The BOP property management system could not identify the number of weapons and laptop computers that were lost or stolen during the two fiscal years of our audit period. The system reported that the BOP disposed of 705 weapons and laptop computers during the audit period. However, our review of documentation for all 705 disposals disclosed that 2 weapons and 27 laptop computers were lost or stolen from the BOP during the audit period. In our judgment,the small number of missing weapons can be attributed to the fact that most of the BOP's weapons are maintained in controlled armories and are not assigned to individuals. The BOP did not have adequate policies and procedures to report missing weapons and laptop computers resulting in inconsistent initial reports of loss; inadequate documentation of the investigation of the loss and assessment of liability; inaccurate reports to the Department Security Office; and untimely reporting of missing weapons to NCIC.

Items Reported

At the start of the audit we requested that the BOP provide us with a list of weapons and laptop computers that were lost, missing, or stolen during the period October 1, 1999 to August 27, 2001, in order to perform our audit tests. The BOP did not provide us with a list, but instead provided us with a database file derived from the SPMS. As discussed below, we were not able to determine the total number of lost or stolen weapons and computer laptops for FY 2000 and FY 2001 using this information. We also requested information about lost or stolen weapons and laptop computers from the OIA. We did so because the OIA should receive reports about lost or stolen property when employee misconduct is alleged. The OIA reported that two weapons had been lost or stolen during the audit period, but were unaware of any lost or stolen laptop computers.

The database file provided by the BOP included all weapons and laptop computers that were listed as disposed in the SPMS beginning in FY 1992.[7] Since 1992 the BOP disposed of 4,307 weapons and 884 laptop computers.

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[7]   Prior to FY 2001, BOP policy required that all property lost, stolen, missing, destroyed, excessed, transferred, donated, or returned to a vendor be recorded in the SPMS as category "D." During FY 2001 (no specific date was identified), the BOP changed category "D" to include only items that were lost or stolen.

We queried the database provided by the BOP for all disposals listed as category "D," which would have included lost or stolen property. We sorted this information and found that the BOP had 506 weapons and 199 laptop computers listed in this category during the audit period. In order to determine the number of lost or stolen weapons and laptop computers during our two-year review period, we obtained documentation to support the method of disposal for all 705 items. We reviewed Reports of Survey, which were often supported by reports of inventory differences, justification memoranda, reports of investigation, photographs of destroyed items, and other similar data. We found that 2 weapons and 27 laptop computers were lost or stolen from the BOP during the period, as identified in the following table.

WEAPONS AND LAPTOP COMPUTERS: IN SPMS CATEGORY "D" AND IDENTIFIED AS LOST OR STOLEN				
FY	WEAPONS DISPOSED (category D)	LOST/STOLEN WEAPONS	LAPTOP COMPUTERS DISPOSED (category D)	LOST/STOLEN LAPTOP COMPUTERS
2000	405	1	98	13
2001 [8]	101	1	101	14
TOTALS	506	2	199	27

Sources: BOP Inventory Database, BOP documents

We reviewed the circumstances and actions taken by the BOP for these losses. One weapon was lost by an airline while a BOP employee was traveling to specialized training. The employee promptly reported the loss to the airline, ensured that the airline conducted a search for the missing weapon, and was instrumental in obtaining monetary reimbursement from the airline for the BOP's loss. The second weapon was lost during the transfer of several weapons to another facility. The OIG Investigations Division is currently conducting an investigation into the disappearance of this weapon. Although the Report of Survey has been completed and the weapon removed from the SPMS, any assessment of liability will be predicated on the results of this investigation.

Of the 27 lost or stolen laptop computers, BOP identified 21 missing during or in preparation for the annual inventory (78 percent), 2 missing from offices inside BOP facilities, and 4 stolen. In general, the Reports of

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[8] The data provided was inclusive to August 27, 2001.

Survey for laptops computers that were found to be missing during the annual inventory did not provide an adequate description of the investigation of the loss, or an assessment of the liability for the loss. The BOP took no disciplinary action for any of these losses.

The BOP also recommended no disciplinary actions for the two laptop computers found missing from offices. One was reported missing by the responsible employee upon discovery of the loss, but BOP took no apparent action to find this item for over four months. The Report of Survey was not prepared until the end of the annual inventory reconciliation period nine months later. The Report identified the loss as missing at the annual inventory. The Board recommended no disciplinary action. The employee responsible for the second laptop computer conducted a search for the item and reported the loss to the Board of Survey. The Report of Survey did not document any further investigation of the loss or a recommendation for disciplinary action.

Of the four stolen laptop computers, only two were stolen while outside of the responsible employee's control. Based on documentation provided to us by the BOP, it appears that appropriate authorities investigated these losses and did not recommend disciplinary action. Of the remaining two stolen laptop computers, a terminated employee did not return one loaned to him for training, and one was stolen from the command center of a facility. The issuing BOP facility was not successful in contacting the terminated individual. We found no evidence that the BOP contacted the appropriate authorities to initiate the return of this property or reimbursement for their loss. Regarding the laptop computer stolen from the command center, the only evidence of investigation was a search of the area. The Report of Survey did not document any further investigation of this loss or make any recommendation for disciplinary action. (Appendix II provides details regarding the circumstances surrounding these losses.)

We also tried to ascertain if these lost items resulted in physical harm to the public or compromised national security or investigative information. We queried NCIC and the Department of the Treasury's Bureau of Alcohol, Tobacco, and Firearms (ATF) National Tracing Center database for indications that law enforcement personnel had recovered the lost or stolen BOP weapons. Neither system provided an indication that the two weapons had been recovered or otherwise linked to crime. We did find that one weapon donated by the BOP[9] to a local law enforcement agency was stolen

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[9] During the review process, we identified a potential problem involving weapons that BOP donated to a state correctional facility. While the BOP's donation appeared to be in accordance with federal law, the state facility may have violated federal law by engaging in an exchange of these weapons for new weapons. We referred this matter to the GSA OIG.

and subsequently recovered by an officer of the agency. The local Chief of Police stated that he was not aware of the weapon being linked to criminal behavior during the time it was missing.

According to the BOP and the SEPS, BOP had only one laptop computer authorized to process classified materials as of August 2001. We physically inspected how BOP used this computer. The security measures utilized to protect this computer appeared to be adequate. Management officials of the BOP stated that all other laptop computers process sensitive to non-sensitive information only. We found no indications that this was not the case.

Reports and Investigations of Losses

We reviewed the documentation related to the property losses as identified above to determine if: (1) the responsible employee took appropriate action to submit the initial loss report, (2) BOP initiated the recordation of missing firearms into the NCIC, (3) the ATF National Tracing Center identified the missing firearms, (4) the BOP Board of Survey performed timely investigations to resolve the incidents, and (5) BOP reported items to the Department Security Officer. (Our results are detailed below and summarized in Appendices III and V.)

Initial Loss Reports - We examined the Reports of Survey and supporting documentation for the 2 lost weapons and the 27 lost or stolen laptop computers. Both weapons were reported lost within 24 hours. We were unable to determine the timeliness of the initial report of loss for 15 of the 27 lost or stolen laptop computers because the dates of discovery and/or reporting of the loss were unknown. For the 12 remaining laptop computers, BOP reported 10 within 24 hours, 1 within 6 days, and 1 in 164 days. We found that the format for the initial reports of loss was not consistent, and varied from telephone calls and memoranda to supervisors, to submission of Reports of Equipment Inventory Differences during the annual inventory.

The BOP Property Management Manual states that each employee is personally responsible for the care and protection of assigned property. Individual employees are required to report any instance of loss, theft, or damage to his/her APO and Property Officer. BOP policy does not provide a reporting format or a time frame requirement for the initial report of a loss or theft, except for those losses discovered during the annual inventory. Losses discovered during the annual inventory must be reported to the Property Officer during the 30 days allotted to conduct the inventory. According to the BOP Property Management Manual, the APO is required to forward appropriate investigative reports to the facility's Property Officer for

Board of Survey action. The Property Officer must investigate[10] all loss, damage, and destruction of controlled property to determine liability, take appropriate action, and refer the matter to the local Board of Survey using a BP-S111.044, Report of Survey.[11] The Board of Survey in turn investigates the circumstances surrounding the loss, damage, or destruction of personal property to assess monetary liability and recommend administrative actions to be taken with the Chief Executive Officer's (CEO)[12] final approval. Each member of the Board of Survey must sign the Report of Survey signifying agreement with the recommended action. Employees may be held liable and can be required to reimburse the government when the employee's negligence, carelessness, or dereliction of duty contributes to the loss or damage.

In our judgment, these variations in reporting time occurred because the BOP does not have specific policies and procedures for reporting thefts and losses other than for losses discovered during the annual inventory. The BOP needs to develop such policies and procedures to include ensuring that Reports of Survey include dates of approval. (See Appendix III for an analysis of these items identified as lost or stolen.)

NCIC Report – The NCIC system is generally regarded by law enforcement agencies to be the primary nationwide method for tracking stolen firearms. Certain agencies are authorized to enter reports of stolen firearms into NCIC, while other agencies are only authorized to view the reports. The BOP must request another agency to enter into NCIC the information about stolen BOP firearms. The Chief, Policy and Information Resource Management, BOP, told us that the USMS enters information into NCIC for the BOP, but the BOP could not provide any policy requiring that lost or stolen firearms be entered into NCIC or the method or circumstances for having another agency enter this information for them.

We examined the NCIC records to determine if the two lost BOP weapons were recorded promptly into the system. We determined that one of the two weapons had been entered within 11 days of the loss, and as of June 7, 2002, had an active NCIC record. The second weapon was entered into the NCIC system on June 7, 2002 although it was found to be missing

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[10]   During the annual inventory reconciliation period, the APO must investigate the loss.

[11]   A sample BP-S111.044 Report of Survey is displayed in Appendix V.

[12]   The CEO is the head of the facility. At correctional facilities, the Warden is the CEO.

on May 22, 2001.[13] It is not clear to us why this weapon was not promptly entered into NCIC, but we believe that the lack of BOP policy for reporting lost or stolen items to NCIC was a contributing factor.

ATF National Tracing Center – The ATF National Tracing Center maintains information on law enforcement agencies that have requested a trace on a particular weapon and records of weapons involved in multiple purchase sales. We examined ATF records and determine that no law enforcement agency had requested a trace on either of the two lost weapons. However, as a result of our review of ATF records, we found that the United States Penitentiary (USP) Terre Haute donated 99 weapons to the Plainfield Correctional Facility in Plainfield, Indiana, through the GSA Federal Surplus Supply Property Program authorized under CFR 41, Chapter 101-42.1102-10. Under this program state agencies coordinate the weapons needs of state and local law enforcement units with federal surplus weapons provided to GSA by federal agencies. The state or local agency that receives the surplus federal weapons is required to sign a Firearm(s) Conditional Transfer Document that prohibits the donee from ever selling, trading, leasing, lending, bailing, cannibalizing, encumbering, or otherwise disposing of the firearms. The donee had included at least 7, and as many as 99, weapons received from the BOP in a barter transaction with a weapons vendor to receive new weapons. We referred this incident to the GSA OIG for further action. On February 25, 2002, the Plainfield Correctional Facility was placed on temporary deferment or suspension from participation in the surplus property donation program pending the outcome of a compliance review and investigation.

Board of Survey – As stated above, the Property Officer must refer all losses of controlled personal property to the Board of Survey. Each BOP facility maintains its own Board of Survey consisting of a Chairman and two additional members:

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[13]   The Department's OIG Investigations Division is now actively investigating the loss of this weapon.

MEMBERS OF THE BOARD OF SURVEY			
TYPE OF FACILITY	*CHAIRMAN*	*MEMBER 2*	*MEMBER 3*
CORRECTIONAL FACILITY	ASSOCIATE WARDEN, OPERATIONS	SUPERVISORY CONTRACT SPECIALIST (SCS)	PROPERTY OFFICER
REGIONAL OFFICE	EXECUTIVE ASSISTANT OR DEPUTY REGIONAL DIRECTOR	REGIONAL COMPTROLLER OR REGIONAL SCS	PROPERTY OFFICER
CENTRAL OFFICE	SENIOR DEPUTY ASSISTANT DIRECTOR, ADMINISTRATION	SCS, CENTRAL OFFICE BUSINESS OFFICE	PROPERTY OFFICER

Source: BOP Property Management Manual

The Board is required to review the circumstances for each loss, determine employee responsibility, and make recommendations to the CEO for administrative actions and financial liability if warranted. In instances where employees are found responsible, the Chairman may recommend attachment of the employee's salary, administrative action, or referral of the case to the OIA. Upon completion of the Board's actions, the item may be listed as disposed in the SPMS.

We examined the Reports of Survey to determine if prompt action was taken to review the 2 missing or stolen weapons and 27 laptop computers. We were unable to determine the number of days that elapsed between the initial report of the loss by the responsible employee and the completion of the investigation by the Board of Survey for 20 of the 29 items (including both weapons) because relevant dates were not recorded. For the remaining 9 items, the elapsed time varied from 6 to 588 days. As previously stated, the Board did not recommend disciplinary action in any of these 29 cases. In general, the BOP Reports of Survey need to be enhanced to ensure that relevant dates are completed and that there is sufficient documentation of the action taken to investigate the loss and the disciplinary action recommended by the Board of Survey. In particular, we recommend that the BOP initiate action to retrieve the laptop computer that was not relinquished by a separated employee.

Department Semiannual Report - Department regulations require all components to submit a semiannual report to the Department Security Officer summarizing losses that occurred during the previous six months.[14]

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[14]   DOJ Order 2630.2A, Protecting and Controlling Federally Controlled Property and Loss/Theft Reporting Procedures (October 4, 1977).

The component's Security Programs Manager is required to prepare and submit the reports by January 31 and July 31 for the preceding six-month periods.

The BOP Security Programs Manager reached an agreement with the Department Security Officer to submit an annual report for 2001 instead of submitting two semiannual reports during that year. The BOP's submissions during our two-year audit period are detailed in the following table.

REPORTING PERIOD	DUE DATE	DATE SUBMITTED
July 1 to December 31, 1999	January 31, 2000	January 28, 2000
January 1 to June 30, 2000	July 31, 2000	August 1, 2000
July 1 to December 31, 2000	January 31, 2001	January 31, 2001
January 1 to December 31, 2001	January 31, 2002	NA [15]

Source: Department Security Officer

These reports listed six laptop computers and no weapons as lost or stolen during the two-year period of our review. Of the six laptop computers listed, two were listed in the SPMS as lost or stolen after the cutoff date of the database file provided by the BOP. Therefore, they were not included in the 27 laptop computers that we identified as lost or stolen. In addition, one of the six laptop computers was recovered by local law enforcement and reactivated in the SPMS. Accordingly, it also was not included in the 27 lost or stolen. The remaining 3 laptop computers were listed in the SPMS as lost or stolen and were part of the 27 we identified.

We concluded that the Department Semiannual Reports identifying lost or stolen items during the 2-year period of our review were unreliable because they did not include 24 of the 27 lost or stolen laptop computers or the 2 missing weapons. The Security Programs Manager stated that the weapons were not included in the semiannual reports because the facilities do not report them until the investigation and property management disposal process are completed. He also stated that for items that are highly sensitive in nature, this policy should be overridden, and items should be reported immediately. We believe that weapons are highly sensitive and

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[15]   This report was not due before completion of our fieldwork. In lieu of the semiannual report, the BOP Security Programs Manager provided us with reports from BOP facilities detailing losses and thefts for the period January 1, 2001, through June 30, 2001. We included items listed in these reports in our review.

should be reported immediately. We also believe that the two weapons were not included on the Department Semiannual Reports because the BOP does not have a policy or procedures directing the reporting of lost or stolen weapons through the BOP chain of command either to the BOP Security Programs Manager or to the PMO.

The PMO stated that he receives copies of the semiannual reports from the BOP Security Programs Manager and reviews them for security violations or patterns that might indicate problems. However, the PMO does not compare the semiannual reports to the property management system because the responsibility for entering disposed items in the system resides in each facility. Therefore, there is no method currently in place to determine whether thefts and losses reported to the Department Security Officer are accurate or whether entries into the property management system for lost and stolen weapons and laptop computers were completed timely and accurately.

Conclusion

The BOP property management system could not identify the number of weapons and laptop computers that were lost or stolen during the two fiscal year of our audit period. We were able to identify 2 weapons and 27 laptop computers that were lost or stolen from the BOP within that period by examining disposal documentation for 506 weapons and 199 laptop computers. We found that the BOP did not have adequate policies and procedures to report missing weapons and laptop computers resulting in inconsistent initial reports of loss, inadequate documentation of the investigation of the loss and assessment of liability, inaccurate reports to the Department Security Office, and untimely reporting of missing weapons to NCIC.

Recommendations

We recommend that the BOP Director:

1. Implement procedures to maintain an accurate count of lost and stolen weapons and laptop computers.

2. Develop policy and implement procedures for reporting missing weapons and laptop computers through the BOP chain of command to ensure that:

    a. initial reports of loss are timely and consistent. This policy should ensure an audit trail and should address: the report

format, the time period allowed between the discovery of the loss and filing of the report, identification of the person to report to, the method to forward the report to the Property Officer and the Security Programs Manager, follow-up mechanisms to ensure that an investigation was conducted, follow-up mechanism to determine the final disposition of the property, a central log of all reports filed, and a reconciliation of confirmed thefts and losses recorded as such in the property management system to the Department Semiannual Report;

    b. lost or stolen weapons are promptly entered into the NCIC system; and

    c. Reports of Survey are improved to include relevant dates, adequate documentation of the action taken to investigate the loss, and an assessment of the disciplinary action required.

3. Initiate action to recover the laptop computer from the separated employee or receive reimbursement for the value of the item when appropriated.

4. Ensure that all Property Officers understand and utilize the "method of disposal" field in the property management system so that lost and stolen items are identified as such.

5. Advise Property Officers to review procedures for lost, missing, and stolen property with their APOs, and remind all employees of their responsibility for reporting lost, missing, or stolen property.

II.   MANAGEMENT CONTROLS

Although the number of missing and stolen items was small in relationship to the total universe of weapons and laptop computers in the BOP, our audit evidence suggests that controls over weapons and laptop computers could be improved. The sensitive nature of these items indicates that the BOP should improve the automated property management system and controls over the purchasing, receiving, assigning, tracking, and disposing of weapons and laptop computers thereby increasing accountability for these items.

We assessed management controls at the five BOP sites we visited: the BOP Central Office, the Northeast Regional Office, the USP Lewisburg, the Federal Correctional Institution (FCI) Texarkana, and the BOP Federal Law Enforcement Training Center (FLETC) at Glynco, Georgia. We identified areas that should be addressed either to improve efficiency or deter potential loss:

Automated Property Management Systems

- The BOP FLETC does not have access to the AITS and therefore cannot efficiently maintain control over weapons.
- The SPMS serial number field size is inadequate to provide sufficient identification of controlled personal property.

Purchases

- The financial management system and the SPMS are not integrated or reconciled, and as a result there is no independent verification that all controlled personal property that was purchased is entered into the property management system.
- BOP regulations allow the use of government credit cards to purchase weapons, thereby creating an unacceptable risk to the public.

Receipt and Assignment

- Current procedures do not ensure that weapons are delivered directly to the armory and laptop

computers to the warehouse at the FCI Texarkana, as required by BOP policy.

- Northeast Regional Office policy does not specify that weapons and laptop computers should be delivered directly to the Property Officer to ensure prompt recording of these items in the SPMS.
- Property Officers and APOs do not always comply with BOP procedures when transferring weapons and laptop computers within and between facilities, which resulted in inaccurate tracking of property.
- BOP policies do not adequately address the physical security of weapons at the Central Office and laptop computers outside of BOP facilities.
- The use of hand receipts to account for temporary assignments of laptop computers is optional, thereby decreasing accountability for these items.
- The BOP does not have a standard checklist for separating employees that specifies the return of all accountable property, such as laptop computers and weapons. As a result, property may not be returned or may not be identified as missing until the next physical inventory.

Disposal

- Certification that sensitive information was removed from the hard drives of laptop computers scheduled for disposal was not always evident, and the BOP cannot be sure that no sensitive material was released as a result.

We assessed the BOP's compliance with OMB Circular A-123 and Federal Property Management Regulations, as well as Department and BOP guidance. Our review included an evaluation of the controls over property management activities related to weapons and laptop computers at the Central Office and four field locations. Specifically, we evaluated the existence and use of automated property management systems and reviewed the procedures for purchases, receipt and assignment, physical inventories, and disposal of accountable weapons and laptop computers. In addition, we tested on a sample basis the accuracy and reliability of the BOP property records. The universe of weapons and laptop computers assigned to the locations we audited is displayed in Appendix IV, Table 1. We reviewed a total of 443 items, as summarized in the following table and detailed in Appendix IV, Table 2.

TOTAL ITEMS REVIEWED						
ITEM	CENTRAL OFFICE	FCI TEXARKANA	NORTHEAST REGIONAL OFFICE	USP LEWISBURG	FLETC/ GLYNCO	TOTALS
WEAPONS	22	33	24	47	80	206
LAPTOP COMPUTERS	126	11	29	23	48	237
TOTALS	*148*	*44*	*53*	*70*	*128*	*443*

As of August 27, 2001, the BOP identified approximately 20,600 weapons and 2,700 laptop computers as being in active service. [16] The BOP Correctional Services Manual currently authorizes only 10 different weapons that can be issued to BOP personnel, not including the chemical fogger. We noticed multiple listings for similar items in the inventory database provided to us by the BOP. For instance, there were 388 "handguns," 578 "handgun, 38 cal," and 7,904 "handgun 9 mm." However, 9 mm semi-automatic pistols in either single/double action or double action only modes are the only handguns that are currently authorized for use by BOP staff. While we cannot determine if the 388 "handguns" are authorized, we do not believe the 578 "handgun, 38 cal" are authorized. BOP property management regulations require that excess property (defined by the BOP as ". . . personal property not needed by the holding facility") be destroyed or donated, depending on the worth of the property and the need for that property by other government agencies. The 578 "handgun, 38 cal" appear to be excess property. In our judgment, the BOP should dispose of all weapons that are not authorized for use and can be considered excess property. (See Appendix IV, Table 5 for a summary of BOP weapons by type.)

Automated Systems

The SPMS is the official property management system for controlled personal property and is used throughout the BOP to account for weapons and laptop computers. Correctional facilities also use the AITS to identify the exact location of each weapon in the facility. The AITS is not integrated with or reconciled to the SPMS, and access is strictly limited to armory

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[16] To facilitate weapon identification, the BOP assigns a code for each type of weapon. The BOP has 42 possible codes, but is using only 34 of them. For example, item code 10501 indicates that the property item is a shotgun.

Security Officers in each correctional facility. The FLETC was not provided a copy of the AITS because the FLETC is not a correctional facility. However, in our judgment, FLETC needs an automated system such as the AITS to identify the location of weapons by the Federal Prison System Identification (FPS ID) number assigned to them. FLETC has the largest weapons inventory of any BOP facility. Without utilizing the knowledge of the individual currently appointed APO of weapons, it is virtually impossible to locate any weapon at the FLETC by its FPS ID number (required during each annual inventory).

It also came to our attention that the size of the data entry field in the SPMS for the serial number of a property item is not sufficient to capture needed information. Currently, the field only contains 12 digits. As a result, serial numbers up to 15 digits long were being truncated to fit in this field. Therefore, the serial number listed in the SPMS cannot be relied upon to positively identify property.

Purchases

BOP's procurement of weapons and laptop computers is decentralized. Each BOP facility has the authority to purchase weapons and laptop computers using either standard acquisition (purchase orders) or simplified acquisition procedures (government credit card). Currently, the BOP has three national contracts for weapons[17] and one national contract for computers. If BOP seeks to buy weapons covered by the national contract, it must do so using that contract; it cannot buy the weapon using the simplified acquisition procedures. Similarly, facilities may go outside of the computer contract to obtain laptop computers with requirements, but only if they cannot be met on the national contract.

When a laptop computer or weapon is received, the transaction should be entered into the property management and financial management systems. Information about the property should be entered into a property management system in order to assign accountability for that item and monitor its location. The Property Officer enters information about weapons and laptop computers into the SPMS when the items are received.

Financial information should be entered into a financial management system to ensure that budget constraints are met and that accurate information is collected to prepare the financial statements. Information

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[17]   The BOP has contracted for shotguns, and two different modes of 9 mm handguns. Other types of authorized weapons may be purchased on the open market as long as they meet BOP specifications.

about weapons and laptop computers purchased by the BOP is entered into the BOP's Financial Management Information System (FMIS II)[18] by the facility's business office.

To ensure that accountable items that the BOP ordered, received, and paid for are being adequately monitored by property management personnel, the property and financial management systems should be reconciled at least once each year and preferably on a quarterly basis. This reconciliation is consistent with the Joint Financial Management Improvement Program (JFMIP), Property Management Systems Requirements,[19] OMB Circular A-123, and the JPMR that require reasonable assurance that assets are safeguarded and records are accurate and complete. (Note that the JPMR does not specify any dollar limitation for this reconciliation.) Currently, the two systems are not reconciled[20] because the FMIS II cannot segregate data at the required level of detail.[21]

We judgmentally selected 53 weapons and 111 laptop computers from vendor invoices to determine if they were included in the SPMS. Details of our sample, by location, appear in the following table.

ITEMS SELECTED FROM PURCHASE DOCUMENTS						
PROPERTY TYPE	CENTRAL OFFICE	FCI TEXARKANA	NORTHEAST REGIONAL OFFICE	USP LEWISBURG	FLETC	TOTAL
WEAPONS	6	0	0	17	30	53
LAPTOPS	75	0	10	9	17	111
TOTALS	*81*	*0*	*10*	*26*	*47*	*164*

Source: OIG

Our tests revealed that 163 of the 164 items were included in the SPMS (99 percent). The single item that was not found in the SPMS was a

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[18]   FMIS II is the financial management system used throughout the BOP to record all financial data.

[19]   JFMIP-SR-00-4 (October 2000).

[20]   The two systems have a limited interface. The FMIS II obtains data about capitalized personal property from the SPMS to capture information on assets reported in the financial statements.

[21]   The level of detail is the sub-object classification (SOC) code.

pepper fog generator. The armory Security Officers indicated that they did not consider this to be a weapon. However, when we pointed out that other pepper fog generators were included in the inventory as tear gas foggers, they agreed to enter the item into the SPMS.

During our testing we noticed that while purchase orders for laptop computers were usually coded with the correct SOC code, weapons were often coded incorrectly. In addition, no credit card purchased items were reposted from the credit card default SOC code to a code that properly identified the type of item purchased. Unless SOC codes are entered correctly, a reconciliation of FMIS II and the SPMS cannot be based on SOC codes.

The use of government credit cards to purchase weapons poses an additional problem in that cardholders could physically purchase and take delivery of weapons outside of a BOP facility. Although we found that credit cards were used to purchase weapons at the FLETC,[22] none of these weapons were purchased offsite. However, we believe that this practice increases the likelihood that weapons would not be entered into the SPMS, and poses an unacceptable risk to the public because weapons purchased in this manner might be outside of the control of a BOP facility.[23]

Receipt and Assignment

Each item of controlled personal property is entered into the SPMS as a separate property record. A total of 23 characteristics may be added to the SPMS for each property item (19 are required entries), and the SPMS is capable of maintaining a history of each item during its lifetime with the BOP. These records are maintained in the SPMS even after the property has been disposed of. Currently, the SPMS maintains approximately 10 years of disposed records.[24]

BOP procedures for receiving property and ensuring its timely entry into the SPMS rely on the cooperation between warehouse personnel and the Property Officer, as well as armory Security Officers at correctional facilities and the FLETC. At correctional facilities, laptop computers should be

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[22]   During the two-year period of our review, the FLETC used the government credit card twice to purchase a total of three weapons.

[23]   Since we initially reported the finding to the BOP, it has taken initial steps to prohibit the use of the government credit card to purchase weapons.

[24]   Records that are removed from the SPMS are archived.

delivered directly to the warehouse, and weapons to the armory. Warehouse personnel identify which property is controlled personal property, make independent counts,[25] prepare receiving documents, assign FPS ID numbers and affix FPS ID tags,[26] and prepare the required forms[27] for the Property Officer to input property data into the SPMS. The input forms must be signed by the custodial APO before the Property Officer will key an entry into the SPMS to ensure that the property reached its assigned location. We found that this system works well and ensures timely entry of weapons and laptop computers into the SPMS.

Problems can arise in those instances where weapons or laptops can be received outside of an armory or warehouse. We found certain circumstances that could lead to untimely entry of weapons and laptop computers in the SPMS:

- The Northeast Regional Office does not have a warehouse, and the Property Officer performs most of the duties that would normally be assigned to warehouse personnel. The Northeast Regional Office makes purchases for that office as well as for sub-sites not co-located with the regional office. Equipment that is delivered to these off-site locations may not be timely entered into the SPMS because the Property Officer must rely upon the sub-site for notification that property has been received. In addition, the Northeast Regional Office Procurement/Warehouse Procedures state that at the main office, credit card purchases are to be delivered to the cardholder and not the Property Officer. The cardholder must then inform the Property Officer that the item was received before it can be entered into the SPMS.

- At the FCI Texarkana, we found that personnel assigned to the rear gate were rotated quarterly. Until they became familiar with the procedures for the assignment, the possibility increased that trucks carrying weapons could enter the facility

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[25]   Armory Security Officers make independent counts of weapons and forward this information to the warehouse for completion of the steps for receipt of goods.

[26]   Every item of controlled personal property is required to have an FPS ID tag affixed to it. In addition, weapons are to have the FPS ID number etched onto them. Laptop computers are not etched to avoid damage to the unit.

[27]   The BP-S133.044 Input Transaction – Property Management System form lists all the information about a property item to create the property record in the SPMS. See Appendix VI for a sample of this form.

before being rerouted to the armory.[28] In addition, these personnel have been known to call the purchaser to pick up items at the rear gate before they enter the warehouse. Laptop computers could be delivered to the administration building at this facility and be sent directly to the purchaser without going through the warehouse first.

We analyzed the segregation of the major duties of purchasing, receiving, and recording information in the SPMS. We found that due to limited staffing, the Property Officer was performing two or three of these functions[29] at four of the five sites we visited. However, sufficient alternate controls, including multiple approvals for credit card purchases and stringent review of documentation to support these purchases, were in place to ensure that all property would be accurately accounted for.

The BOP tracks property that is transferred from one facility to another by using a dual signature/dual entry system. According to BOP policy, the sending facility's APO should prepare and sign a hand receipt (BP-100(44))[30] and the Property Officer should enter the property in the SPMS as transferred-out when the items are shipped. The receiving facility's Property Officer should enter property as transferred-in when receipt is signed by the new APO. The BOP requires that no property be in the "transferred out" stage during the last five days of each month to ensure that all capitalized property is associated with a facility when the monthly institutional general ledger balances are determined. The Property Management Section queries the SPMS to determine what property is in transit just prior to the monthly close, and instructs the shipping facility to reenter that property on their books by transferring it back in.[31] The Property Management Section applies this requirement on both capitalized and non-capitalized property even though only capitalized property is of concern. Some facilities would time shipments to ensure that no property is in transit during that five-day period. Other facilities would not key property as in-transit until the receiving facility acknowledged receipt. Delaying the transfer-out until receipt is acknowledged undermines a valuable system control for accurately tracking property transfers.

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[28]   Armories are always located outside the walls of a correctional facility.

[29]   Four of the five Property Officers were government credit cardholders or were authorized to initiate purchase orders.

[30]   A sample BP-100(44) is displayed in Appendix VII.

[31]   The Property Management Section contacts the Regional Office who in turn contacts the facility and instructs them to transfer property back in.

APOs within the same facility conduct inter-office transfers by physically moving the property and preparing and signing documentation of the transfer. Recording of the transfer in the SPMS depends upon the timely preparation of the transfer document, [32] and the forwarding of that document to the Property Officer for keying the change into the SPMS. Property Officers told us that documentation for transfers of laptop computers within the facility was not always prepared timely, and that the transfer was often not identified until the annual inventory.

OIG's Testing of Property Records - To test the accuracy and completeness of the property records, we attempted to verify physically the existence of selected weapons and laptop computers appearing in the SPMS. In addition, we selected a judgmental sample of weapons and laptop computers found at each location reviewed and attempted to trace them to the SPMS. In total, we physically sampled 279 items (153 weapons and 126 laptop computers), as shown in the following table. Further details of our sample, by property type, location, and type of test, appear in Appendix IV, Tables 3 and 4.

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[32]   A BP-100(44) is also used to record inter-office transfers.

RESULTS OF PHYSICAL INSPECTION						
PROPERTY TYPE	CENTRAL OFFICE	FCI TEXARKANA	NORTHEAST REGIONAL OFFICE	USP LEWISBURG	FLETC	TOTALS
WEAPONS CHOSEN FOR INSPECTION	16	33	24	30	50	153
WEAPONS FOUND	16	33	23	29	50	151
PERCENT OF WEAPONS FOUND	*100%*	*100%*	*96%*	*97%*	*100%*	*99%*
LAPTOPS CHOSEN FOR INSPECTION	51	11	19	14	31	126
LAPTOPS FOUND	50	11	19	14	31	125
PERCENT OF LAPTOPS FOUND	*98%*	*100%*	*100%*	*100%*	*100%*	*99%*
TOTAL ITEMS CHOSEN FOR INSPECTION	67	44	43	44	81	279
TOTAL ITEMS FOUND	66	44	42	43	81	276
PERCENT OF TOTAL ITEMS FOUND	*99%*	*100%*	*98%*	*98%*	*100%*	*99%*

Source: OIG

We were unable to locate one laptop computer during a physical inspection at the Central Office. We questioned the APO about the whereabouts of this item and were told that the laptop computer had been lost by an airline during travel, but that the APO had not reported the loss since the airline had agreed to replace the item. The APO intended to simply substitute the replacement laptop computer for the lost item and update the property record with a new description. The PMO acknowledged that the APO had not complied with property management policies and procedures.

We found a pepper ball fogger at the USP Lewisburg that did not have an FPS ID tag, and we were unable to identify this weapon in the SPMS. We discussed this situation with the Emergency Preparedness Coordinator at the USP Lewisburg and learned that the Central Office Security Technology Office had sent this weapon to them. The weapon was to be used for a 2-week trial period only, and was scheduled to be returned to the vendor.

Additionally, the USP Lewisburg stored 292 weapons acquired by the Northeast Regional Office in 1987 due to simultaneous prisoner uprisings at the USP Atlanta and the FCI Oakdale. We found that these weapons had not been test fired in many years although the BOP Correctional Services Manual states that all weapons that are not in towers, patrol vehicles, and buses must be test fired semiannually. We saw a rifle that blew up when test fired years ago because the ammunition for that weapon was unreliable. Furthermore, we found that 247 of these weapons were .38 caliber revolvers, which are no longer authorized for use by the BOP. The weapons were stored in a disorganized manner and piled in crates. BOP personnel expressed concerns over using these weapons in their current state. We discussed the condition of the weapons with officials of the Northeast Regional Office and the USP Lewisburg, and expressed our concerns. We received documentation prior to the end of the audit that these weapons had been destroyed.

Pooled Property - All weapons and laptop computers at the BOP are technically pooled because they are assigned to a location in the SPMS rather than to an individual. At correctional facilities, we found that weapons were located in armories, towers, patrol vehicles, or control centers and were physically safeguarded using key locks, remote access control, cages, and continuous observation. Weapons are temporarily assigned to correctional officers only to accomplish a specific task such as a hospital escort trip, bus transports, and target practice, or in an emergency situation. We found weapons in several locations at the Central Office, with access controlled by a variety of methods including controlled office access, locked storage rooms, safes, and trigger locks. Weapons are temporarily assigned only during emergency situations. We found that the regulations promulgated by the BOP do not address the security of weapons located at the Central Office and other administrative offices, but, in our judgment, are adequate for correctional facilities.

Employees of the BOP safeguard laptop computers primarily by keeping offices locked overnight. The BOP regulations do not specifically address the physical security of laptop computers when offsite, although they do address the security of information processed on them.

Through our discussions with armory Security Officers at correctional facilities, and custodians at the Central Office and the training facility, we found that the BOP tracks temporary assignments of weapons through the use of hand receipts.[33] However, we found that APOs were not required to

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[33]   A sample of a hand receipt is displayed in Appendix VIII.

track temporary or semi-permanent assignments of laptop computers. Despite this, we did find that hand receipts were being used to track assignments of laptop computers at three of the five sites we visited. [34]

Specialized Equipment and Rapid Mobilization Teams – At the USP Lewisburg we encountered a rapid mobilization response team authorized to carry lethal weapons. This team is known as a Special Operations Response Team (SORT). The SORT weapons were maintained in a separate secured section of the main armory and were identified in the AITS as segregated for SORT team use. The SORT weapons were not specifically identified as such in the SPMS. We judgmentally selected 10 weapons and 2 laptop computers that were segregated for SORT use to determine if the items were listed in the SPMS. All items were identified in the SPMS.

Separated Employees – DOJ Order 2110.41 states that the head of each organization is responsible for developing, maintaining, and distributing an accountable item checklist for employees to complete prior to their separation from the Department.[35] The checklist should be designed to fit the specific requirements and needs of the organization. The Order further requires that clearance procedures for separating employees include a step to surrender to the appropriate property management officer, or property custodian all government owned property, including equipment, firearms, and other controlled property. This step must be listed on the checklist for separating employees, and both the separating employee and the property custodian must provide certification that the step was completed.

The BOP does not have a standard checklist for employees who are separating from service. Instead, each site we visited had developed their own checklist that separating employees must complete before leaving the institution. This was true for employees who were transferring to another BOP facility or Department component, retiring, or resigning. The checklist is commonly referred to as the "merry-go-round" list by BOP employees because the separating employee must visit each office listed on the checklist and perform the required steps.

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[34]   APOs at the Central Office and the Northeast Regional Office used hand receipts in the form of a BP-100(44). The APO at FLETC used a computer database system to track assignments in addition to requiring self-designed hand receipts. The Property Officer also annotated the name of the employee having more permanent custody in the Remarks section of the SPMS property record.

[35]   Separation includes resignation, transfer, retirement, or any other type of separation from or reassignment within the Department.

We examined documentation supporting the separation of individuals since October 1, 1999, at all of the sites we visited to determine if checklists had been completed, and what steps were included on the checklist. Only the FLETC included a procedure on their checklist to ensure that "computer equipment" was returned to the APO prior to separation. Ironically, this is the only site where we found that an employee that transferred to another BOP facility had failed to return a laptop computer.[36] Failure to include this procedure could lead to accountable property not being returned, or returned only when the property is determined to be missing during an annual inventory.

Physical Inventories

The BOP performs an annual physical inventory of all controlled personal property, including all weapons and laptop computers. The Property Management Section initiates the annual inventory by sending each facility its official property list.[37] The CEO of each institution schedules the inventory, oversees the results, and reports the status towards completion through the Regional Offices to the PMO. We reviewed documentation of the FY 2001 physical inventory and reconciliation at each of the sites we visited to determine if these activities were completed on time,[38] and whether there was adequate segregation of duties. In general, the FY 2001 physical inventories and reconciliations were substantially completed within the time limits set by BOP regulations, and segregation of major duties was adequate.

Documentation of the physical inventory is entirely in paper format. The APO performing the physical inventory lists the location where each item was found on a preprinted property register, and lists all missing or additional items found on an exception report.[39] The custodial APO must then address the exceptions to reconcile the inventory. The Property Officer assists with the reconciliation by attempting to match all items reported as missing to all items reported as added throughout the facility. This can be a tedious procedure especially in the Central Office where exception reports for 58 of 135 locations were submitted for the FY 2001 inventory. We asked

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[36] The Property Officer later completed the paperwork to transfer the laptop computer to the new facility.

[37] The list is derived from the SPMS and is broken down by locations within the facility.

[38] Annual physical inventories are performed each April and must be completed by April 30. Reconciliation of the differences discovered must be completed by July 31.

[39] The exception report is known as a Report of Equipment Inventory Differences. A sample is displayed in Appendix IX.

Property Officers if this process would be simplified if exception reports were submitted in electronic format and then combined in a single database. This would make matching of missing and added property a simple procedure, and the database could be used to track follow-up on unresolved items. This process need not be integrated with the SPMS. We received mixed responses to this suggestion with some Property Officers being extremely enthusiastic while some were comfortable with the status quo. However, we encourage the BOP to consider this option to simplify and shorten the reconciliation process.

Disposals

Disposals include any method in which a laptop computer or weapon may leave the custody of the BOP, including destruction, or donation to other Department components, federal, state, local, or private institutions.[40] Before weapons or laptop computers may be declared as excess to BOP needs, the respective Board of Survey must make a determination that the property is of sufficient worth to be donated, or if not of sufficient worth, the manner in which it should be destroyed. This determination is documented on a Report of Survey. BOP regulations further specify that laptop computers should be cleaned of all sensitive information prior to disposal,[41] and the property officer may not complete the disposal until confirmation of that step is received.

Laptop computers may be offered as excess property to other Department components and federal agencies, or may be donated directly to educational institutions. Weapons may be donated either to other Department components, or offered to other federal, state, or local law enforcement agencies through the GSA Federal Surplus Supply Program.

We judgmentally selected a total of 22 disposals of weapons and 18 disposals of laptop computers occurring since October 1, 1999, and examined documentation to support each disposal. Property Officers could not produce documentation supporting the removal of sensitive information from 8 of the 18 laptop computers we examined (44.4 percent), as detailed in the table below. Controls could be improved on laptop disposals by including a line on the Report of Survey for Computer Services to attest that all sensitive information was removed from the hard drive.

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[40]   Property that is returned to the vendor is also considered to be disposed. We did not encounter any returns in our testing.

[41]   BOP procedures call for overwriting the data using utility programs that meet the Department of Defense Standard (DOD 5220.22M) and the DOS format "/U" switch version 6.20 and above.

TESTING OF DISPOSALS				
SITE	# EXAMINED FOR WEAPONS	INADEQUATE DOCUMENTATION FOR WEAPONS	# EXAMINED FOR LAPTOP COMPUTERS	INADEQUATE DOCUMENTATION [42] FOR LAPTOP COMPUTERS
Central Office	10	0	10	7
FCI Texarkana	1	1 [43]	0 [44]	0
Northeast Regional Office	0 [44]	0	2	0
USP Lewisburg	10	0	3	1
FLETC	1	0	3	0
TOTALS	*22*	*1*	*18*	*8*
PERCENT OF INADEQUATE DOCUMENTATION	*4.5%*		*44.4%*	

Source: OIG

We found one instance where the Property Officer did not witness the destruction of a weapon but was required to certify that the disposal had been accomplished. Since the Property Officer must certify on the Report of Survey that disposal was accomplished in the manner prescribed by the Board, the Property Officer should be required to witness all disposals whether it be by donation or destruction. In contrast to this case, the USP Lewisburg provided significant detail supporting the destruction of weapons, including pictures of the destruction and documentation of the disposal of parts in a landfill.

We also examined documentation to support the method of disposal entered in the SPMS for 506 weapons and 199 laptop computers as discussed in **Finding I, Items Reported.**

Conclusion

Our audit revealed weaknesses in the BOP's management controls over weapons and laptop computers. We found that the use of automated

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[42]   Documentation that hard drives had been wiped clean of sensitive information.

[43]   Weapon was destroyed without witnesses or other documentation of destruction.

[44]   No disposals occurred during this period.

property management systems as well as policies and procedures for the purchase, receipt and assignment, and disposal of weapons and laptop computers could be improved to increase accountability for these items.

Recommendations

We recommend that the BOP Director ensure that:

6. Weapons that are no longer authorized for use and meet the definition of excess property be disposed.

7. FLETC is provided with the AITS, or a similar database, that will enable it to locate weapons by FPS ID number.

8. The field size for serial numbers is increased in the SPMS to accommodate a minimum of 15 digits.

9. Procedures are developed to reconcile financial information entered in the FMIS II to the SPMS property entries for all controlled personal property, including weapons and laptop computers.

10. The BOP acquisition regulations are modified to prohibit the use of government credit cards to purchase weapons.

11. Weapons and laptop computers purchased by the Northeast Regional Office are delivered directly to the Property Officer instead of to sub-sites or the credit card purchaser.

12. Personnel stationed at the gates of correctional facilities are properly instructed about weapon and laptop computer delivery procedures.

13. Procedures are developed to ensure that laptops delivered to correctional facilities are routed directly to the warehouse.

14. The Property Management Regulations are modified to:

    a. address the physical security of weapons at administrative offices,
    b. require that Property Officers witness the disposal of all controlled personal property.

15. The Information Security Programs regulation is modified to address physical security of laptop computers used outside of BOP facilities.

16. A standard checklist for separating employees is developed for use at all BOP facilities that includes a step to surrender all accountable property to the APO.

17. Property Officers are instructed:

    a. that shipping should be timed to avoid transfer-outs during the monthly financial closing, rather than delay entry of transfer-outs in the SPMS; and
    b. to communicate to APOs the importance of documenting internal transfers and providing documentation to the Property Officer in a timely manner.